



## **DEPARTMENT OF THE TREASURY OFFICE OF PUBLIC AFFAIRS**

### **Air Transportation Stabilization Board**

Daniel Montgomery  
Executive Director

November 26, 2002

Jeffrey T. Tolbert  
President  
MEDjet International, Inc.  
1000 Urban enter Drive  
Birmingham, AL 35242

Dear Mr. Tolbert:

In accordance with the Air Transportation Safety and System Stabilization Act, Pub. L. No. 107-42, 115 Stat. 230 (the "Act") and the regulations promulgated thereunder, 14 CFR Part 1300 (the "Regulations"), the Air Transportation Stabilization Board (the "Board") has considered the application of MEDjet International, Inc. ("MEDjet") dated June 28, 2002, as supplemented (the "Application"), for a Federal loan guarantee of \$7.7 million on a loan of \$8.8 million.

During the process of reviewing the Application, the Board staff held telephone calls with you. The Board staff met with you and your advisors on September 10, 2002 and October 9, 2002. Representatives of each Board member attended the meeting on October 9, 2002. Following these meetings and communications, the Board staff and representatives of each Board member fully briefed the Board members on the Application.

The Board has carefully considered the Application under the standards set out under the Act and the Regulations. The Board's consideration included a review and analysis of the Application by the Board's staff and the Board's financial and industry consultants. Based on its review, the Board determined that the Application did not meet the applicable standards, and, accordingly, the Board voted to deny the Application.

The Board determined that MEDjet's proposal did not provide a reasonable assurance that MEDjet would be able to repay the loan, an important evaluation criteria that the Board is required to consider in assessing loan applications. The Board's financial consultant assigned MEDjet's proposed financing an extremely low credit rating. Such a rating implies a high probability of default. For all government-guaranteed loan applications, a credit subsidy is computed, which represents the expected cost to the U.S. taxpayers of guaranteeing the loan. The figures for MEDjet implied a high probability of default and related credit subsidy that the Board deemed too high to impose on the U.S. taxpayers. In addition, based upon MEDjet's historical losses, the Board's assessment that MEDjet's future cashflows are significantly dependent upon business initiatives yet to be commenced and the Board's concerns about the unpredictability of MEDjet's future business, the Board was unable to conclude that the loan by MEDjet was prudently incurred.

If you have any questions regarding this matter, please do not hesitate to contact me.

Sincerely,